Revolution in real estate price estimates

A qualitative floor plan analysis significantly increases the accuracy of real estate price estimates. Archilyse has developed a tool that enables comprehensive analysis of real estate objects. The improved rental price estimates lead to higher returns and reduced vacancies.

Fig. 1: Archilyse takes into account various housing-specific data points (source: Archilyse)

The challenge:
Up to now, portfolio evaluations followed manual, error-prone and time-consuming processes that lacked consistency and qualitative objectivity

The initial situation:
The apartment valuation did not give sufficient weight to the floor plan quality

A qualitative analysis of the floor plans enables a more precise calculation of rental prices

Due to the market saturation for rental apartments, the quality of apartments as a selling point is taking center stage.[1] A well-rated apartment includes a functional floor plan. Surprisingly, however, for a long time, the real estate industry did not give much weight to the floor plan quality. This is despite the fact that apartment seekers attach the greatest importance to the floor plan in terms of rent, size and brightness when assessing an apartment.[2]

One reason for this is that the housing market in Switzerland used to be a so-called landlord market: Flats that were advertised were in demand and the number of vacant apartments was correspondingly low - the landlords had the most leverage. This has changed in recent years, and the number of vacancies has increased - especially outside of metropolitan areas. Accordingly, high quality housing is important in order to be able to let it profitably, sell it in condominium ownership and reduce vacancies.

On the other hand, the floor plan has so far been neglected in the assessment of an apartment because the quality of the floor plan could not be measured objectively. However, new technologies now make it possible to capture the quality of a floor plan quantitatively and consistently and thus distinguish good from bad floor plans.

[1] Credit Suisse, Schweizer Immobilienmarkt 2019
[2] Immo-Barometer, Neue Zürcher Zeitung/Wüest Partner AG, 2018

Fig. 2: Archilyse helps companies to digitise and analyse plans (source: Archilyse)

Well-thought-out floor plans define the quality of an apartment

The solution:
Objective evaluation
of floor plans

Well-thought-out floor plans have a significant influence on the quality of an apartment. Among the most important features are the lighting conditions, the view from the apartment, its furnishing flexibility, noise pollution and the design of the exterior spaces. A clever arrangement of wet rooms or balconies, for example, large viewing volumes inside the apartment or a functional proximity of the bathroom and the bedroom are criteria that determine the quality of a floor plan. Good quality floor plans also allow for more utility and functionality than poorly designed apartments.

A floor plan analysis leads to a more precise valuation

The result:
Fewer vacancies and higher
returns through more accurate
rent calculation

Archilyse has developed a method that comprehensively analyses floor plan quality. This analysis makes it possible to objectively assess classify, and compare floor plans quality factors. The analysis takes into account thousands of data points specific to each apartment; outlook, lighting conditions, noise exposure levels and geometry of the floor plan.

Archilyse's analysis makes floor plans quantitatively measurable making it easier to compare apartments. This analysis significantly increases the accuracy of rental price estimates. It improves the assessment of each individual apartment, increasing the accuracy of their price estimation. This leads to a better balanced and more profitable portfolio with shorter vacancy periods and lower tenant fluctuation.

Housing providers, real estate asset managers and portfolio managers, benefit from this instrument that objectively assesses and quantifies the value of a property. Customers in this segment use Archilyse's analysis to better estimate rental or sales prices, reducing vacancies, accelerating the sales cycle and thus increasing revenues.

The outputs are a valuable basis for decisions on rental prices, particularly for new buildings where no historical transaction data is available.

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Fig. 3: The analytical is processed and interpreted in a valuation or price calculation tool (source: Archilyse)

Floor plan digitisation, accurate appraisals and portfolio segmentation

Archilyse helps companies to digitise and homogenise their entire floor plan archives.

In the first step of the process, the floor plans are digitised and converted into 3D models. These models are then positioned in georeferenced models and finally evaluated with industry and research simulations, generating interpretable vectors.

Archilyse is the only provider in the world deriving outputs based on both the location and the object itself, thus combining floor plans with a wide range of geodata that depict the environment. This enables the most accurate possible determination of, for example, views and solar radiation, but also calculations of travel times or distances.

The marketing advantage:
Archilyse helps determining the suitability of an apartment for key target segments

In addition, information on the possible uses of a space and the functional characteristics of the apartment is also derived. The data obtained can be evaluated and interpreted either directly, or in a separate evaluation or price calculation tool, or, if necessary, by a partner company.

However, since people have different needs and requirements for their homes, the perfect floor plan does not exist. Families, for example, attach importance to a large kitchen, bright children's rooms or the acoustic separation of rooms. For young single earners, the view or evening sun on the balcony plays a greater role, and they place less importance on good lighting conditions in the "children's rooms".

Archilyse also helps here with qualitative analyses to identify the suitability of an apartment for key target segments and to classify it accordingly within a portfolio - this also helps not least with targeted marketing of the various properties.

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